

Conflict Resolution: The Hidden Cost of Conflict at Work



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Leigh Ann Roberts, attorney, mediator and conflict consultant, is a founding member of Papa & Roberts, PLLC in Brentwood, Tennessee. She is a Certified Trainer for MTI, Inc, and the Mediation Works Training System and provides business, nonprofit/ community and workplace mediation services- including mediation of construction, commercial, employment and franchise disputes as well as personal injury mediation.

Leigh Ann is a TN Supreme Court Rule 31 Listed Civil Mediator, Past President of TN Association of Professional Mediators, mediator for many national, state and local authorities, past chair and member on state, federal and local bar associations & practice committees on the topic of mediation and ADR. Leigh Ann is an adjunct instructor of negotiation, mediation & ADR at Belmont's MBA Program & Law School.

Leigh Ann is a seasoned litigator and mediator with extensive experience assisting large companies, family owned businesses and nonprofit organizations with their diverse business, legal, fund-development & conflict management needs. Leigh Ann also provides conflict management systems design services as well as other conflict management strategies.



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“A. D. R.”

Alternative or **Appropriate** Dispute Resolution?

3 Primary Methods of 3rd Party Conflict Resolution

Where parties are unable to negotiate a resolution themselves....

- Mediation
- Arbitration
- Adjudication





What is Mediation/Conflict Resolution?

What is Mediation/Conflict Resolution?

“Any process for resolving disputes in which a skilled party or another person helps the parties negotiate a settlement.”

- 3rd party Neutral or Skilled Party to the Conflict
- Facilitates Negotiations
- Typically Non-binding Agreement

A man with a white beard and bald head, wearing a dark suit jacket, a light-colored shirt, and a patterned tie, is holding a large grey rectangular sign. The sign has the text "You can do it!" in white, bold, sans-serif font. The man is standing behind the sign, with his hands visible at the edges. The background is a light yellow wall with a dark purple horizontal line and a vertical line on the left side. The man is also wearing khaki pants and black shoes.

You can do it!

Executive, Manager and
Team Lead as Conflict Coach

What Mediation is NOT.

- Arbitration
- Litigation
- Negotiation (Maybe/Maybe not)
- Need for Education/ misuse of term-
“mitigation”



Why would parties want to use mediation and conflict resolution strategies?

In general, why would parties want to use mediation?



- Effective/Higher Satisfaction
- REQUIRED by Contract/Law
- Confidential Process
- Expedient Process
- Informal
- Creative Resolutions
- No adequate remedy at law
- Non-adversarial
- Pro-relationship
- Agreement is voluntary
- Reduces Courts' Dockets
- Costs

Is conflict resolution the “*Right Thing*” to do in the workplace?



- Effective/Higher Satisfaction
- Encourages & Improves Communication
- Develops Better Managers, Leaders & Professionals
- Expedient & Focused Process- Saves Time
- Informal
- Able to Generate Nimble, Agile and Creative Resolutions
- Respectful/Non-adversarial Tone
- Pro-relationship/Pro-teamwork
- Agreement is voluntary but promotes Accountability
- Reduces Personal Costs
- Reduces Organizational Costs



Do any of these fit with the goals, mission or values of your organization?



**WHO USES
MEDIATION?**

Who uses mediation?

- Parties in Litigation
- Families & Students
- Business People & Companies
- Employers/employees
- Nonprofits
- Churches & Religious Organizations
- Community Groups/ Homeowners' Assns.
- Public Interest Groups & Governmental agencies
- Victim Offender Reconciliation/ Criminal Justice



What are some of the reasons parties might opt to not use mediation?

Reasons why parties might NOT want to mediate:

- Not appropriate time
- Not appropriate mode of conflict resolution:
 - Want to make case law
 - Public Interest/Public Policy Reasons
 - One of the parties has acted in bad faith in prior negotiations
- Not appropriate parties
 - One of the parties has acted in bad faith in prior negotiations
 - Power Imbalance

What makes a good mediator?

Bottom Line: Gain confidence of the parties

- Good rapport: friendly and empathic
- Skilled in conflict resolution process
- Well-prepared: smart, comfortable with process & subject matter, ready to meet parties' needs.
- High Ethics integrity: honest, trustworthy, neutral & confidential

*Summarized from *The Secrets of Successful (and Unsuccessful) Mediators*, Goldberg & Shaw, Negotiation Journal, October 2007.

What about mediating disputes within organizations?

Knowing the Cost of Conflict and Why Conflict
Resolution Skills Pay for any Professional

What are some of the types of
conflict that organizations
encounter?



Causes of conflict??

- Personalities
- Deadlines & Stress
- Economic Dynamics
- Market Demands
- Lack of Correct Information
- Lack of teamwork or efficiency
- Lack of strong leadership in conflict
- Did I Mention Personalities????



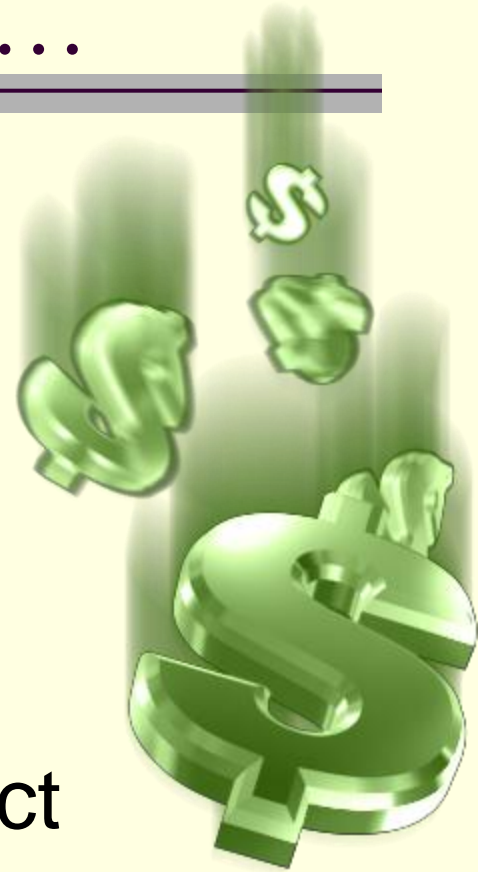
Companies and Organizations suffer from the costs of conflict.....

Can you think of an organization that experienced conflict?

Take a few minutes.....

How much do you think that conflict cost that organization?

More than you think!



**Every organization pays a price for
mismanaging conflict . . .**

. . . but few know how much!

Let's find out . . .

Costs of Organizational Conflict

“Pure waste, no value added”

Worksheet of cost factors:

- | | |
|------------------------------------|----------|
| 1. Wasted time | \$ _____ |
| 2. Opportunity cost of wasted time | \$ _____ |
| 3. Reduced decision quality | \$ _____ |
| 4. Lost employees | \$ _____ |
| 5. Restructuring | \$ _____ |
| 6. Sabotage / theft / damage | \$ _____ |
| 7. Lowered job motivation | \$ _____ |
| 8. Lost work time | \$ _____ |
| 9. Health costs | \$ _____ |

Total cost of only *one* conflict: \$ _____

Costs of Organizational Conflict

Cost factor # 3: **Reduced decision quality**

Conflict degrades decision quality in two ways:

- Every **solo decision-maker** requires information from others to make the best decision. When information providers are in conflict with the decision-maker, the information supplied is inevitably distorted.
- When **two or more people share** responsibility for a decision, conflict between them causes decisions to result from their power contest, not from their objective judgment of what is best for the company.

Costs of Organizational Conflict

Cost factor # 4: **Lost employees**

Estimate the cost of losing one good employee . . . **You !**

Your annual salary: \$80,000

Multiply by 1.4 (add 40%) = \$112,000

Annual investment in you by your employer

Multiply by 1.5* (add 50%) = \$168,000

Cost of replacing you

* This figure is from Raytheon Corporation. A 2006 Right Management survey showed the average cost of replacing an employee is 2.48 times annual salary.

Costs of Organizational Conflict

Cost factor # 5: Restructuring

Inefficient utilization of pre-purchased human resources resulting from efforts to accommodate an unresolved conflict:

- Redesign of work procedures
- Variation from known best practices
- Reassignment of personnel
- “Promotion” to remove a “problem person”
- Other restructuring?

Guideline: 10% of the combined salaries of employees whose task relationships were restructured for the time the restructuring is in effect.

Costs of Organizational Conflict

Cost factor # 6: Sabotage / theft / damage

- Theft, sabotage, and vandalism are only *partially* caused by unmanaged conflict. (Other causes include dishonesty, desperate financial need, social alienation.)
- Loss is greater than managers realize.
- U.S Chamber of Commerce: \$20 billion to \$40 billion annual loss due to employee theft

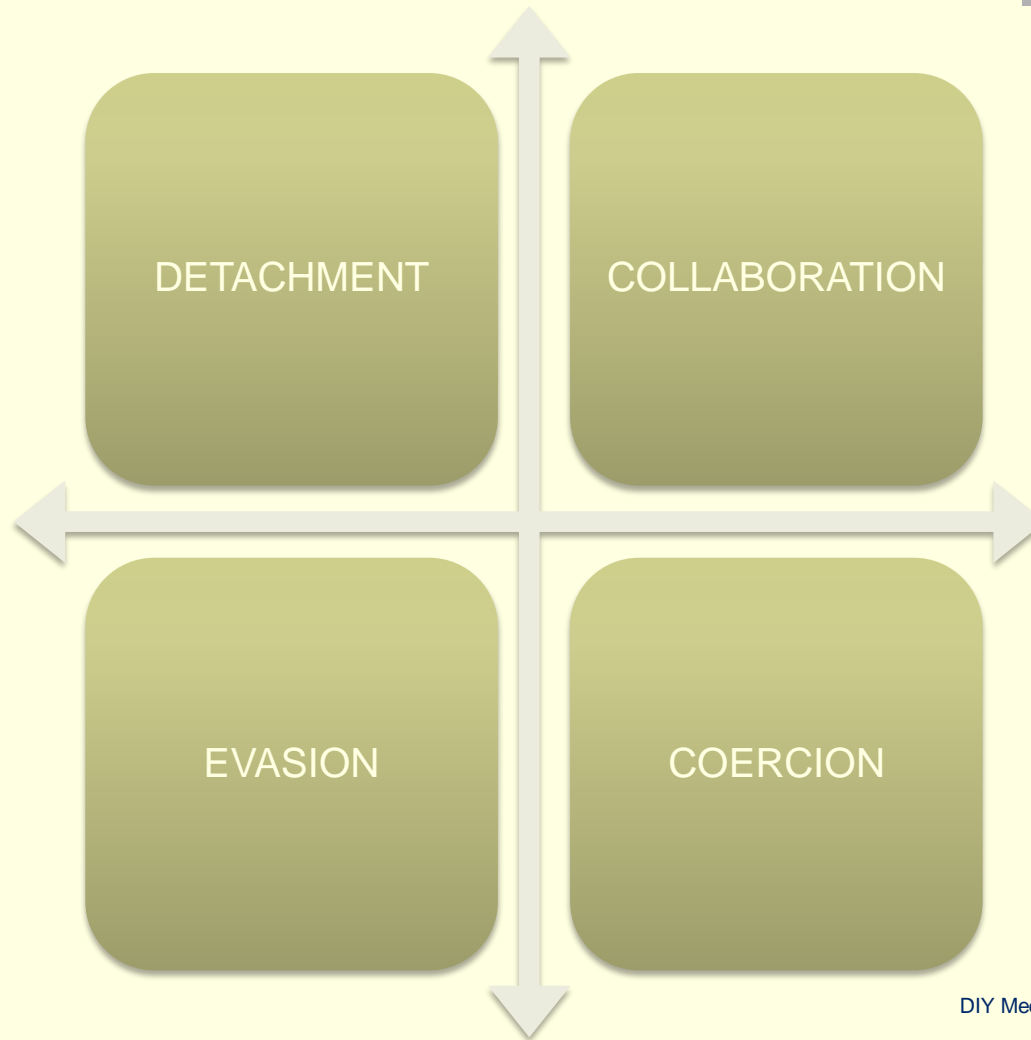
Guideline: 10% of the acquisition cost of equipment, tools, and supplies that conflicted employees use or have access to in performing their jobs



Every Organization has a
Conflict “Culture”....

What's Yours?

Where does your organization fall on the spectrum?



**Every organization pays a
price for mismanaging conflict . . .**

. . . few know how much . . .

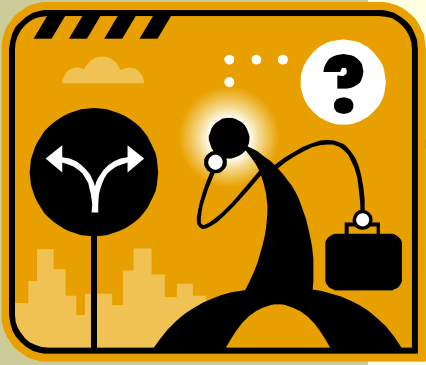
. . . but now YOU know!

**MEDIATION cuts costs and can help
resolve conflict quickly and efficiently.**





COST OF CONFLICT CALCULATOR & SURVEY



So what can you do to impact yours & your organization's approach to conflict?

There are several simple steps you can take that will make a big difference the next time you are faced with a conflict.

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You can do it!

Executive, Manager and
Team Lead as Conflict Coach

Step one: Like a Scout, be prepared.

- Ground yourself, take a moment and breath.
- Make sure this is a situation that warrants intervention.
- Make sure you are the right person to intervene.
- Prepare in your mind how you want the conversation to go.
- Make preparations for a successful conversation.
- Counter-intuitive, Thank About it!

Step Two: the Talk before the Talk

- Prepare what you want to say to the other person. Avoid “you” statements-use “I” statements. (I have some concerns about____I would like to get your input.)
- Approach the person & ask if this is a good time to talk.
- If appropriate, schedule a time with that person to talk in private over the issue.
- Outline the process for them. (ground rules, equal time to talk, etc.)
- Thank them for their time.
- Practice, practice, practice

Step Three: Takin' Care of Business.

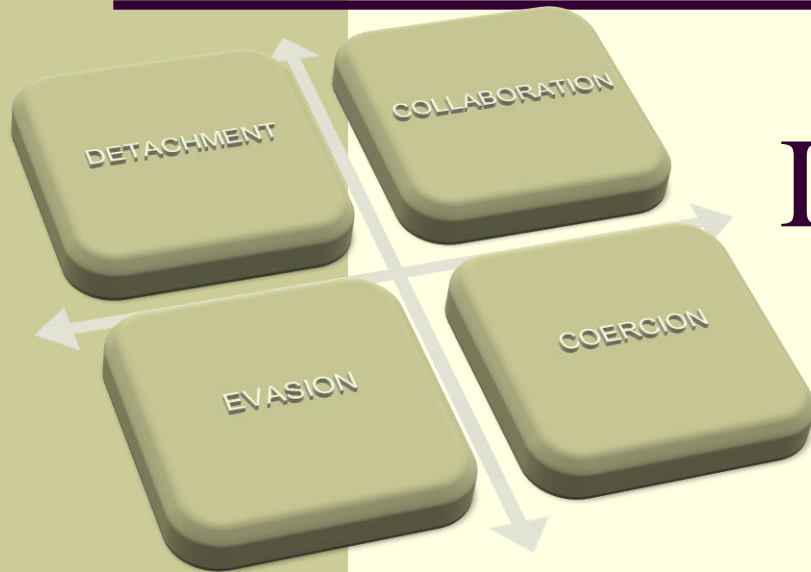
- *“Do Not Disturb!”*: After scheduling a time where both parties have ample time to talk, make sure people know to hold your calls.
- LOCATION, LOCATION, LOCATION
- Water, bathrooms, etc.
- Do what you need to do to be in a good place and to be in a good way.

Step Four: Setting a Solid Foundation

- Open in a good way, lean on preparation from the talk before the talk.
- Remember- “I” statements only!
- Get agreement on ground-rules: No Walk Aways (commitment to process) and No Power-plays!
- Everyone gets to speak, listen and listener offers rephrasing to make sure speaker was heard. Emotions acknowledged.

Step Five: Stay in the Process until Resolution

- Listening and Acknowledging emotions
- Acknowledge concessions and statements of regret, make some yourself if you need to.
- Remember Forces towards Harmony!
- When agreement reached on issues, write them down in objective language and standards.
- Provide agreement to all parties for implementation
- Check in with parties at a later date.
- THANK ABOUT IT!!!



Intentional Conflict Management Systems Design

Don't forget to "systemize" this for your organization and its culture!



Thank you for your participation!-

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